

Opening Statement
The Honorable Richard H. Baker
Chairman, House Financial Services Subcommittee on
Capital Markets, Insurance and Government Sponsored Enterprises
March 21, 2001
Capital Markets Subcommittee Markup
H.R. 1088 The "Investor and Capital Markets Relief Act"

The bill that we take up today, H.R. 1088, the "Investor and Capital Markets Relief Act," addresses two important concerns. First, the bill seeks to provide relief for investors by bringing about the deepest cuts across a broad range of SEC fees. Second, it seeks at the same time to promote continued protection of investors' rights by fully and adequately funding operations and staffing of the SEC.

The bill ceases the public policy of crediting SEC fees as general revenue of the Treasury. Whether it's through pensions or personal IRAs, more and more working families are planning for the future by participating in financial markets. The federal government should be welcoming this trend, making it easier for more Americans to invest responsibly and safely for their futures, not targeting them as a revenue source for unrelated government spending and limiting the full potential of their long-term hopes and dreams.

This bill significantly targets reducing transaction fees on investors precisely because transaction fees are the most significant source of surplus fees and predominantly target individual investors. Since 1990 more than \$9 billion has essentially been lifted from capital markets because of surplus assessment of SEC fees. We know historically that roughly 85 percent of SEC fees collected on trades were passed directly to investors. Translated today, that means that of the estimated \$2 billion in surplus fees the SEC will collect this year, roughly \$1.7 billion rightly belongs to the people. This bill seeks to let them keep that money, to spend, save and invest as they see fit.

In addition to immediate fee reductions, for each fiscal year beginning in 2003 through 2011 the bill includes an efficient, common sense mechanism by which the SEC must adjust fee rates on securities transactions to account for windfalls over and against collections estimates and projected target amounts. In order for the SEC to execute its important task of protecting investors, the bill also contains provisions providing SEC employees pay parity with banking regulators.

Acting Chairman of the SEC, Laura Unger, has written to me to express her "enthusiastic support" for the "Investor and Capital Markets Fee Relief Act." "This bill," she writes, "will provide meaningful securities fee relief to investors, market participants, and public companies, while assuring full and stable long-term funding of the Commission."

At this time I would like to submit Ms. Unger's full remarks in the March 15th letter into the public record.

I also wish to acknowledge the leadership displayed on this bill by committee members Fossella, Kelly and Oxley, and commend the spirit of bipartisan cooperation displayed by committee members Bentsen, Crowley and Maloney.